

Presentation to the Governance Sub-committee of the Blue Ribbon Panel

Christine Wilcoxson, Commissioner, Employee Insurance
Shawn Crouch, Executive Director for Health Policy

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Benefits

- In the past the benefits have been defined in the Request for Proposals (RFP)
- In 2005 the benefits were defined by HB1
- State is now moving to a self-funded plan
 - Benefits in a self-funded plan typically are defined in a Plan Document
 - The Commonwealth is ERISA exempt and is not required, but can choose to use a Plan Document
- 2006 RFP is for an initial 2 ½ year contract with eight – one year options for renewal for a total of 10 ½ years.
 - RFP does not define benefits, but instead procures a vendor that can administer benefit designs as determined the Commonwealth

Benefit Oversight

- Stakeholder Input
 - Group Health Insurance Board
 - Employee Advisory Committee
 - Legislative Committees
 - Other Interested Parties

Stakeholder Groups

- Group Health Insurance Board
 - Sec. of Finance and Administration, Sec. of Personnel, Education Commissioner, State Budget Director, EAC Chair, Insurance Commissioner, State Auditor, Administrative Courts, KTRS Retiree, KRS Retiree, Active Teacher, Active Employee, Active Classified Employee
 - Analysis and research of Kentucky program, other states, cost, enrollment, claims, utilization
 - October Report
 - Recommendations related to contribution, adverse selection mitigation, competitive plan design, self-insurance, evaluation

Stakeholder Groups

- Employee Advisory Committee
 - 32 members representing School districts, state government employees, retirees (pre and post 65), local health departments, KTRS, KEA, KACO, KLC
 - “Advise the Secretary or his designee regarding the state-sponsored health insurance program”
 - HB 1 Requirements
 - Advise the Secretary on health benefits; procedures for soliciting bids or requesting proposals; implementation, maintenance and administration of program; and, development of a uniform drug formulary
 - Requires that the health benefit plans shall be submitted to the EAC for review
 - EAC submits approval or recommended changes to the Secretary 7 days prior to release of the RFP

Stakeholder Input

- The Commonwealth will continue to work with the Group Health Insurance Board, Employee Advisory Committee, Legislative Committees and other stakeholders to design and implement benefits

Pharmacy Benefit

- Commonwealth requesting a proposal for a Pharmacy Benefit Administrator (PBA)
 - Pharmacy Provider Network
 - Claims Administration / Plan Design
 - Formulary Management
 - Clinical and Utilization Management

Pharmacy Benefit

- Pharmacy Benefit Administrator
 - Regions 1 and 2
 - Administered by Anthem
 - Utilizes Anthem formulary
 - Typically includes a pharmacy and therapeutics committee
 - Examine drugs for both efficacy and costs
 - Include multi-disciplinary specialists including physicians and pharmacists
 - PBA will be able to access industry experts
 - Decisions made on therapeutic effectiveness and not driven by local pressures